THE HONORABLE MARC L. BARRECA
Hearing Date: June 1, 2012
Hearing Time: 9:30 a.m.
Response Date: May 25, 2012
Hearing Location: Seattle
Chapter 7

THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re

ADAM GROSSMAN, Debtor.

Case No. 10-19817

REPLY TO TRUSTEE'S OBJECTION TO MOTION FOR ABANDONMENT OF 1697 STRAUSS LANE AND METRO WAY TO THE DEBTOR

COMES NOW the Debtor Adam Grossman by and through his attorney of record Jeffrey B Wells and in reply to the objection of the Chapter 7 trustee to Debtor's Motion for Abandonment of 1679 Strauss Lane and 773 Metro Way to the Debtor states as follows.

The Debtor Adam Grossman has waived by default his discharge in his Chapter 7. His motivation for filing the present motion for abandonment therefore is based on one guideline: what course of action will currently maximize the value available for creditors?

As set forth in the declaration of Adam Grossman, the Debtor believes the economic reality that real property with financing is fundamentally worth significantly more (to different people) than net proceeds through liquidation fully accounting for all costs. This will mean that more value is available to pay creditors if the real property is abandoned and resold in financial

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

pieces to creditors directly or to investors who pay money which is used to pay creditors. In addition, the present motion was filed two days after the motion for relief from stay was filed by Wells Fargo Bank in an attempt to preserve something for the creditors. While the Trustee complains about the Debtor's past actions, the fact remains that the Debtor has made substantial offers during the current Chapter 7, prior to the current state of apparent administrative insolvency to settle the estate. Debtor during the Chapter 7 has acted in the interest of creditors.

As set forth in Adam Grossman's declaration he does not believe that the trustee's proposed disposition of the Strauss Lane property will result in any money for general unsecured creditors. The trustee's own response points out that the Strauss Lane property is worth approximately $16,500 less than what is owed. The trustee argues that perhaps a short sale can be arranged but this is mere speculation and has no effect upon the loss incurred by a creditor. In addition, given the administrative costs of obtaining a sale, both in terms of realtor commissions and trustee expenses, it is difficult to see how anything other than a deminimus amount could ever be obtained on the Strauss Lane property. A detailed accounting presented to the Court would be very illuminating. Furthermore, attempts to obtain a short sale authorization from the lender and ongoing marketing of the property will saddle the estate with more administrative expenses for what is now a speculative return.

The trustee argues that it was the Debtor's initial actions which caused much of the administrative expenses incurred by the trustee to date. The question before the court, however, is what is the best course of action for the benefit of the creditors going forward. No other factors matter.

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Finally the trustee argues that the debtor having no equity in the Strauss Lane property does not have standing to request an abandonment. The trustee cites no authority for this argument.

11 USC §554 (b) the provides "On request of a party in interest and after notice and a hearing, the court may order the trustee to abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate." Clearly the debtor is a party of interest. The effect of abandonment is to divest the bankruptcy estate of control over the abandoned property and reinvest the property with the debtor. The property becomes the debtors just as if no bankruptcy that had occurred. In re Argiannis 156 B.R. 683 (Bkrtcy M.D. Fla. 1993).

With regard to the Metro Way property the Trustee is clearly correct that the property cannot be abandoned until and unless the property becomes property of the estate. Implicit in the motion was the ability to submit an agreed-upon order to Judge Barreca formalizing any further changes that need to be made. There appears to be some equity in the Metro Way property but realizing that equity appears problematic given the potential foreclosure action by Wells Fargo Bank. There is no automatic stay in place and so the foreclosure action can happen at any time.

Instead of eking out a tiny bit of net equity from one property, Mr. Grossman proposes to mitigate much larger losses on the combination of the two properties. As set forth in the declaration of Adam Grossman, which accompanies this response, it appears that the Trustee has overstated the equity in the Metro Way property. Debtor is concerned that if attempts to sell the property are not successful in the near future, the current apparent equity will disappear

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

with accumulating interest and the property will be lost to foreclosure. Debtor therefore respectfully requests that for the benefit of creditors that the issue of abandonment of the Metro Way property be revisited in the very near future so that if the Trustee is unable to sell the property that it be abandoned to Adam Grossman so that he can make arrangements in a timely manner to cure the existing default and preserve the property to maximize the value available to creditors.

Dated this 15th day of May, 2012.

/s/ Jeffrey B. Wells
Jeffrey B. Wells, WSBA #6317
Attorney for Debtor

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

THE HONORABLE MARC L. BARRECA
Chapter 7

THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re ADAM R. GROSSMAN, Debtor.	Case No. 10-19817 DECLARATION OF ADAM R. GROSSMAN IN REPLY TO MOTION FOR ABANDONMENT

I, Adam R. Grossman, am the Debtor herein. I make the following declaration in reply to the motion for abandonment of properties located at 1679 Strauss Lane and 773 Metro Way in Redding, CA. Pursuant to 11 U.S.C. § 554(b), I am petitioning the court to order these two properties to be abandoned.

What course of action will currently now maximize the value available for creditors?

My goal remains to return investor value -- a high priority of the bankruptcy code -- that was incorrectly reclassified by the Superior Court and to repay creditors as much as possible and as fast as possible. To this end I have consistently maintained that to maximize the value available to pay creditors, a full settlement of the estate that minimizes costs and mitigates erosion of value that would otherwise be available to creditors in aggregate and fully accounted for would be in the creditors' best interest.

While I have been accused of causing delay I have, in fact, at regular intervals

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

demonstrated that I have tried to advance settlement and ending of ever increasing costs which I believe ultimately reduce value that would otherwise be available to creditors. An indication that I have in good faith done this and advanced a conclusion, I have initiated regular settlement offers to eliminate delay. At each of these times I was hopeful that litigation would not further erode the value that otherwise would be available to creditors because delay is not good for creditors and a partial accounting of costs that is incomplete does not, at best, encourage value preserving behavior and, at worst, promotes value destroying behavior resulting in less value available to pay creditors. Prior to the current diminished value of the estate, I believed I could realistically raise close to $200,000 but the continued erosion of value long ago squandered that opportunity to the detriment of creditors.

I believe that the most important factor determining the value available to creditors is minimizing the duration the estate remains open. I have tried to reach resolution quickly and on several occasions. I have made real settlement offers to do this on at least six occasions to eliminate delay include those made on May 18, 2011, August 19, 2011, October 31, 2011, November 8, 2011, December 16, 2011, and April 13, 2012.

The Chapter 7 Trustee has a fiduciary duty to administer the estate in a way that maximizes that value available for creditors. I, too, would like to maximize the amount of value available to creditors: What course of action will currently now maximize the value available for creditors? Nothing else matters regarding this fiduciary duty.

I have reviewed the responses submitted to the original motion and have updated the estimated cost to the estate under estate administration. I was previously wrong. For these two properties, starting now the loss of value otherwise available to creditors would not be

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

($50,000) but will be closer to ($59,000) and this is based on the assumptions that were submitted in response to my original motion: it uses Rob Middleton's recommended initial list price, the trustee's elimination of phantom capital gains which can be offset, the removal of the RBC Mortgage which occurred after my schedules were last updated. These are all incorporated in Exhibit 3.

I have also used full and complete data from the House of Realty for a period of nearly two years. If the market is coming up, it still has not reached the average of 2010 and 2011 so this period is relevant and not outdated.

Based on this analysis which is disclosed in full to encourage other people to properly account for costs I believe any accurate analysis which accounts for all costs, line-by-line, including shared costs that are allocated to asset administration, these two properties are burdensome and have, in this case not merely inconsequential but, negative value to the estate. See Exhibits 1,2,3.

This analysis considers the creditors in aggregate and accounts for actual benefit and actual losses in three ways: net claims distribution (the traditional way), gross estate collection (measured but irrelevant to creditors who only see net after cost), and value available to creditors, or lost by them, outside of the claims process. The last category is not the accounting method typically used in the bankruptcy court but it is the accounting method that most accurately measures the real effect on creditors in aggregate.

A "carve-out" is not accounted for in full "on-book" because in reality it has no positive benefit to creditors in aggregate and any alleged benefit is illusory. It merely shifts losses from one creditor to another and loses money due to administrative overhead. "Negotiating a short-

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

sale" is likewise illusory. This is an activity that means "creditors lose money" and a goal should be to avoid this activity. "Preventing a short-sale" is an accomplishment to brag about. The skill required of the benefits of such "negotiation" remain elusive to me. The market determines the price.

What course of action will currently now maximize the value available for creditors?

The economic impact incurred by creditors as a direct result of the actions taken or not taken in these proceedings is very real to the creditors who are impacted even if it does not show up on a partial balance sheet. This is not an academic exercise but a choice of decisions that affect many people. The most accurate accounting which I have emphasized is a full accounting that most accurately reflects how creditors as group are impacted. The reality is that as much as I admire my attorney both personally and professionally, I am sure he can find other clients and I would rather have the money paid to creditors. I would rather not have creditors take losses "off-book": just because they don't show up in a particular report does not mean some person or some company (read: "some elderly person's retirement savings") has not lost money.

In response to the trustee's objection and considering, What course of action will currently now maximize the value available for creditors? I reply,

Page 1: There is little information regarding maximizing of value available to creditors and the trustee omits that nearly the entirety of benefit outside of the claims process will go to repay creditors. This additional value available to creditors is very significant: probably integer multiples of any amounts nominally obtained through the claims process and is very real to creditors and valued by long-term investors. Outside of the claims process, I have more

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

flexibility in selling long term cash flows and structured options which create value.

Page 2: What course of action will currently now maximize the value available for creditors? There is little information regarding maximizing of value available to creditors. The trustee's estimates are not realistic. They do not account for all costs. Rather than eke out a meager gain from one at the expense of a huge "off-book" loss from the other, it would create much more value available to be paid to creditors by mitigating or eliminating the other losses, selling the assets in the form that yields the most value (with financing, without cost of sales) rather than pretending that a particular type of report which partially accounts for costs pretends that a positive number somewhere on it means creditors are better off. This benefit is illusory if costs are not fully allocated.

A simple example of flawed reasoning is to suggest that creditors in aggregate will be better off if the administration of the estate is done by allowing Strauss Lane to be foreclosed or short-sold and Metro Way to be sold at a meager profit. This results in a very small amount of benefit distributed among claims holders but only at the cost of a huge loss borne by one creditor that is much greater than the total amount of money received by other creditors. This does not benefit creditors in aggregate. It hurts them and lowers the total amount of money paid to them less losses suffered by them. To show that this reasoning is flawed, simply consider the possibility that my late father had taken out a loan $25,000 greater on Metro Way and given me a present for $25,000 which I used to pay one of the loans on Strauss lane. The estate would be no better off. It would have the same gross assets and the same total debt. It is has the same value but when you account for incorrectly it appears to have less value -- provided you are not Wells Fargo.

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

A full accounting, line-by-line, of all costs including shared costs that are allocated to assets, extra revenue and can be used to monetize future cash flows and paid to creditors, true effects on creditors (and others) and presented to the court would be very illuminating. I have done so in Exhibits 2, 3, and 9 and the best decision for the benefit of creditors is obvious.

The Chapter 7 Trustee has a fiduciary duty to administer the estate in a way that maximizes that value available for creditors. This proposal is consistent with that principle, or at least provision of a full accounting that shows all costs and all revenues.[1]

Page 3: The trustee's analysis does not fully account for actual observed lowering of list prices over time, the actual discount of sales price to list price, the additional accrued interest while being sold, the mandatory California 3 1/3% sales tax withholding, the full cost of commissions, the loss of rent, the loss of "carve-outs" which are borne by creditors even if not shown on the balance sheet of the estate, and short-sales which are borne by creditor even if not shown on the balance sheet of the estate.

Most importantly, it does not include the added value of selling these in financial slices to investors and tenants seeking rent-to-own opportunities who are willing to overpay in both price and interest rate- often wisely so. When all of these costs and revenue sources are included in the trustee's proposal and all of the costs and revenue sources are included from my proposal, the difference in actual value realized and available to creditors swings from negative ($59,000) to significant long term value but only for patient investors, for appropriately "sliced" pieces of the investment to sell when the form of the asset includes financing.

[1] If the trustee's actual accounting including all costs results in net proceeds of $50,000, I will gladly find someone eager to pay $2,500 and support a motion that for $2,500 donated to the estate, the estate will purchase insurance from the trustee who will personally guarantee that the net proceeds will be at least this much. If $50,000 net proceeds realized after all costs is a conservative estimate, the trustee should be happy to receive a free $2,500.

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

The Chapter 7 Trustee has a fiduciary duty to administer the estate in a way that maximizes that value available for creditors. I, too, would like to maximize the amount of value available to creditors. What course of action will currently now maximize the value available for creditors?

Page 4: There is little information regarding maximizing of value available to creditors but the taxes comment is helpful. The administrative costs are unknown. They could be more -- or less -- than stated.

Page 5: When I have spoken to the banks, no matter which department I have been connected to, they are universally thrilled with one answer: performing assets that do not incur losses. My proposal to be allowed to turn these non-performing assets into performing assets will result in full repayment to the banks, money to the estate, full reinstatement of the loans which under California law may be done up until five days before a foreclosure auction, monthly payments auto-deducted five days before they are due, the return to the "performing assets" columns on the balance sheet, a $2,500 bonus for each bank that I will agree may be tacked on to the back of each loan, and a box of cookies for each person who has received calls in loss mitigation. There is nothing more than this that banks want and nothing that the estate will likely offer will make the banks as happy as full reinstatement, bonus, and boxes of cookies.

Due to the differences in intrinsic value between the assets liquidated or maintained, it will always be possible to find investors willing to pay more to the banks -- and sooner -- than an alleged agreement which is worse for Ms. Aspaas's clients' than the motion currently under consideration: cures the default within a week, in full, continues payments covered by rent, no

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

"carve-outs" and no "short-sales". When the alternative is 30 years at 4%, preserving a 6.75% mortgage has tremendous value to PNC but I cannot price it exactly because I typically slept through bond-pricing class.

In California loans may be cured up to five days prior to a foreclosure sale which has not yet been announced and no bank would ever voluntarily elect to call a 6.75% note that is being paid regularly. The due on sale clauses, which are shown in the filed motions, are optional — as is typical. They have not been called for the same reason they will not be called if the houses sit empty, generating no rent, for 187 days which is the average time to sell in Shasta County. The statements made by the attorney for the trustee regarding whether the loans will be called are incorrect both as a matter of law and a matter of expected behavior.

It is inevitable to get agreement from the banks because they will get much more from this proposal. This is basic economics. The don't like "carve-outs" or "short-sales": they like 6.75% loans paid because the assets are operating not idle.

I have attempted to provide accurate data and anybody who would like to verify the observations I have made based on actual data -- all of it -- is welcome to contact me for assistance in obtaining it. I hope the Exhibits are now detailed enough and I'm sorry but I expensed most repairs as they tended to be minor and have had no major capital improvements to add to the tax basis.

I urge the Court to not allow this opportunity to escape. We should all work towards maximizing the value available to creditors and not squandering it.

I hereby declare under penalty of perjury under the laws of the State of Washington that the foregoing statements are true and correct to the best of my knowledge and belief.

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Dated this 15th day of May, 2012.

a. Grossman

Adam R. Grossman

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 1 - Analysis From Motion (Original Analysis, Different Assumptions, Errors)

Loss Otherwise Available To Creditors	Strauss Lane	Metro Way	Total
Average Days On Market (DOM):	197	197	
(est. half) (%) REO Discount:	23%	23%	23%
Recent Zillow Gross:	$155,000	$147,500	$302,500
Discounted Recent Zillow Gross:	$137,175	$130,538	$267,713
1st Mortgage:	$66,000	$95,000	$161,000
2nd Mortgage:	$88,000	$12,000	$100,000
Selling Cost:			6%
Mandatory CA State Tax Withholding:			3%
LTCG Tax Rate:	20%	20%	
Tax Basis:	$18,000	-	
Phantom U.S. Income Tax Liability:	$119,175	-	$23,835
Additional Estate Admin Costs:			$10,000
Net After Discount, Debt, Selling, Tax, Admin:			($50,735)
Short Sale Hits Borodin/Grossman Credit:	Y	-	

Loss Of Value Otherwise Available To Creditors
Continued Estate Administration

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 2 - Loss of Value Otherwise Available to Creditors

Loss of Value Otherwise Available To Creditors	Total
(fractional share) Legal and Administrative, Estate:	($50,000)
(fractional share) Legal and Administrative, Debtor:	($15,000)
(14 mos. * 2 * $1,000) Negative Amortization/Lost Rent:	($28,000)
	($93,000)

Loss Of Value Otherwise Available To Creditors
Estate Administration
To Date

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 3 - Analysis From Reply (Corrections/Assumptions, Brown, Middleton, Crocker)

Loss Otherwise Available To Creditors	Strauss Lane	Metro Way	Total
(House Of Realty) Average Days On Market (DOM):	186	186	
Sworn Offical House Of Realty Market Report, Gross:	$137,500	$160,000	$297,500
Observed House Of Realty List Price:Original List Price, Discount:	-15%	-15%	($45,606)
Observed House Of Realty Sales Price:List Price, Discount:	-4%	-4%	($10,302)
(Incl. Observed) House Of Realty Market Report, Gross:	$111,660	$129,932	$241,591
1st Mortgage:	($66,000)	($91,048)	($157,048)
(additional projected interest, fees to cure) 1st Mortgage:	($4,000)	($4,000)	($8,000)
2nd Mortgage:	($88,000)		($88,000)
(accrued interest during DOM while selling) Mortgage:	($4,023)	($2,420)	($6,443)
Selling Cost:	-10%	-10%	($24,159)
Mandatory CA State Tax Withholding:	-3%	-3%	($7,248)
Additional Estate Admin Costs:	($5,000)	($5,000)	($10,000)
(Incl. Discount, Debt, CA Tax, Selling, Interest, Admin) Net Proceeds:			($59,307)
Short Sale Hits Borodin/Grossman Credit:	Y	-	

Loss Of Value Otherwise Available To Creditors
Continued Estate Administration
Market For Six Months

(House Of Realty) Average Days On Market (DOM):	All SFH Sales, recent 1+ years†
Sworn Official House Of Realty Market Report, Gross:	Sworn Declaration, Recommended Listing Price†
Observed House Of Realty List:Original List, Discount:	REO Sales, Discount of List Price to Original List†
Observed House Of Realty Sales Price:List Price, Discount:	REO Sales, Discount of List Price to Original List†
(Incl. Observed) House Of Realty Market Report, Gross:	Recommended Original List less Observed Discount
1st Mortgage:	Brown, Moewes, Crocker, Aspass adjustment
(additional projected interest, fees to cure) 1st Mortgage:	Aspaas declaration explicity states these are missing
2nd Mortgage:	Agreed, Grossman error (no 2nd) removed
(accrued interest during DOM while selling) Mortgage:	Estimated using simple 5% for average DOM
Selling Cost:	Brown, Moewes adjustment†
Mandatory CA State Tax Withholding:	In California, mandatory 3 ½% -- possible future refunded
Additional Estate Admin Costs:	(no change)
(Discount, Debt, Tax, Selling, Interest, Admin) Net Proceeds:	true projected net proceeds
Short Sale Hits Borodin/Grossman Credit:	Will a sale or foreclosure be short, harming credit?

†See Exhibits following

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 4 - Average Days on the Market, House of Realty (all SFH sales)

YEAR-QQ	DOM
2006-Q1	153
2006-Q2	129
2006-Q3	119
2006-Q4	131
2007-Q1	124
2007-Q2	66
2007-Q3	73
2007-Q4	135
2008-Q1	114
2008-Q2	138
2008-Q3	90
2008-Q4	81
2009-Q1	91
2009-Q2	117
2009-Q3	107
2009-Q4	154
2010-Q1	158
2010-Q2	161
2010-Q3	102
2010-Q4	103
2011-Q1	248
2011-Q2	145
2011-Q3	166
Recent	186

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 5 - Average Days on the Market, House of Realty (all SFH sales)

It is my professional opinion that the Strauss Lane property should be listed for approximately $137,500 and <u>would sell for approximately that amount.</u> The Metro Way property should be listed for approximately $160,000 and <u>I would expect it to sell for very close to that price.</u>

DATED THIS *11TH* day of May, 2012.

Rob Middleton

emphasis added

House of Realty Recommendations
None Of Rob's Sales Have Been At The Original Listing Price[2]

In 2010 through late 2011 Rob sold 14 SFH units and **<u>not a single one was sold at the original listing price</u>**. The discount to original list price ranged from 3.2% to 22.7%.[3]

The point is not that Rob Middleton is not a good broker but that the trustee should use accurate estimates of expected discounts to original listing price.

---

[2] My friend Rob Middleton and my late father worked in real estate for over ¼ century. Their brokerages were 600 ft apart on Market St. I like Rob and have used House of Realty to place offers, most recently in 2010. **I do not object to his employment**. (I do not agree that liquidating these two properties is in the best interests of creditors.)

Rob sells, true, but generally not at the recommended initial listing price. In 2010 through late 2011, Rob sold 14 SFH units and **<u>not a single one was sold at the original listing price</u>**. His REOs sold at an average $/SqFt of $99 which is nearly exactly comparable to the projected discounted price from originial list price I have shown.

I feel badly petitioning the court to take business away from Rob. If my motion is granted, I will place 4 of my next 6 offers through House of Realty so that he does not lose the business and I will make sure he gets commission on 2 of next 4 at least.

[3] The units he sold during this period were 1226 Pinon Ave Anderson; 3794 Hacienda Rd Cottonwood; 11399 Power Line Red Bluff; 2135 Alden Ave Redding; 2312 Skyline Dr Redding; 2115 Olive Ave Redding; 2323 Windwood Ct Redding; 1352 Norman Redding; 14850 Valley Vista Ct. Jones Valley; 3271 Inverness St Redding; 1011 Layton Road Redding; 597 Terrace Dr Redding; 11074 Old Oregon Trl Redding; 2341 Castlewood Dr Redding.

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 6 - REOs: Average List: Original List Discount / Sale : List Discount

REO Discount

	List Price : Original List Price	Sale Price : List Price
2003-Q1	0.0%	6.8%
2007-Q2	0.0%	0.0%
2007-Q3	10.3%	10.1%
2007-Q4	2.8%	3.5%
2008-Q1	5.3%	7.5%
2008-Q2	14.4%	9.7%
2008-Q3	14.1%	4.2%
2008-Q4	1.8%	1.1%
2009-Q1	2.4%	2.8%
2009-Q2	8.0%	3.2%
2009-Q3	18.8%	0.0%
2009-Q4	17.2%	3.3%
2010-Q2	7.1%	6.2%
2010-Q3	31.3%	13.1%
2010-Q4	2.9%	0.2%
2011-Q2	14.7%	1.7%
Recent:	15.3%	4.1%

Recent Average Total
19.4%

House of Realty REO Sales
List Price : Original List Price
Sale Price : List Price
2010 - late 2011

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 7 - Non-REO Sellers: Average List:Original List Discount / Sale : List Discount

Seller's Discount

	List Price : Original List Price	Sale : List	
2006-Q1	12.7%	4.3%	
2006-Q2	6.9%	7.5%	
2006-Q3	2.2%	-0.2%	
2006-Q4	13.6%	3.9%	
2007-Q4	7.9%	0.0%	
2008-Q2	11.7%	6.0%	
2008-Q3	2.5%	2.7%	
2008-Q4	4.8%	2.9%	
2009-Q1	7.6%	1.6%	
2009-Q2	2.7%	2.3%	
2009-Q3	3.1%	5.8%	
2009-Q4	2.6%	4.1%	
2010-Q1	4.9%	5.5%	
2010-Q2	4.7%	5.1%	
2010-Q3	2.4%	4.8%	
2010-Q4	0.1%	2.8%	
2011-Q1	13.4%	6.2%	
2011-Q2	3.9%	5.2%	
2011-Q3	6.4%	1.3%	Recent Average Total
Recent:	5.2%	4.7%	9.9%

House of Realty Non-REO Sellers Sales
List Price : Original List Price
Sale Price : List Price
2010 - late 2011

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

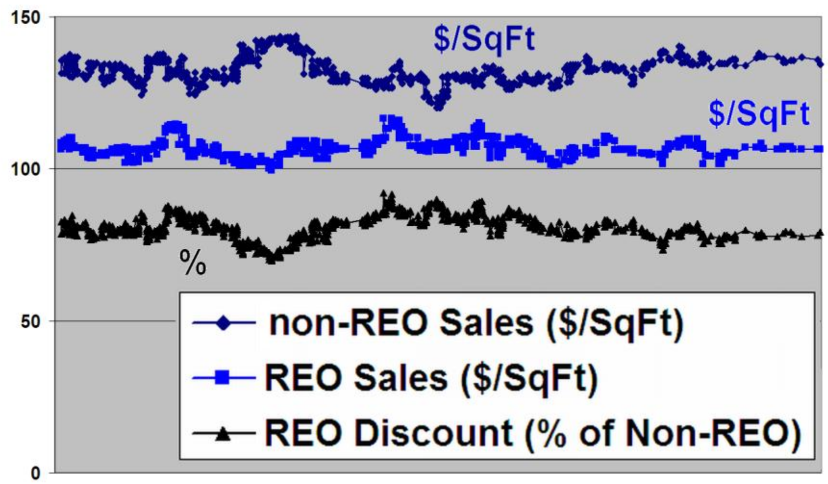
Exhibit 8 - House Of Realty: $/SqFt (SFH) Non-REO Sellers / REOs

$/SqFt (SFH) Non-REO Sellers / REOs

	Seller	REO	Discount
2007-Q4	161	144	10.6%
2008-Q1	145	126	13.3%
2008-Q2	152	125	17.7%
2008-Q3	153	127	17.1%
2008-Q4	156	128	17.8%
2009-Q1	157	127	19.5%
2009-Q2	150	123	17.8%
2009-Q3	143	116	19.0%
2009-Q4	138	112	18.5%
2010-Q1	138	106	22.7%
2010-Q2	136	97	28.9%
2010-Q3	134	96	28.7%
2010-Q4	129	96	26.1%
2011-Q1	128	90	29.7%
2011-Q2	124	104	16.4%
2011-Q3	122	92	24.7%

Recent: 25.8%

$/SqFt (SFH) Non-REO Sellers / REOs
$/SqFt (SFH)
2010 - late 2011



Shasta County - [Lower line only is %]

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 9 - Abandonment: Win - Win - Win

	Total
Unabandoned Part of Metro Way Family Trust	**$7,500**
Net to Estate:	**$7,500**
Short Sale Hits Borodin/Grossman Credit:	**N**

Additional Value Created And Available To Creditors
Abandonment
Starting In Present

Since the value of the properties is fundamentally greater if continued as operating units rather than liquefied, it is logical and the court should fully that I will always be able to propose a solution that results in creditors in aggregate fully accounting for all costs will retain and/or be paid more value. It is a fundamental economic property that in this market and currently,

(Houses + Financing) > (House) + (Financing)

the value of financed housing is simply greater than the value of housing plus the cost of financing. These can be offered any number of ways most typically as lease-to-own but most lease-to-own business make money because people do not buy. I prefer that people eventually buy. I never raise rent on tenants out of principle -- only on vacancy.

Abandoning these two units to allow them to operate rather than stagnate retains and creates value rather than diminishing it. There will be more value available to creditors: banks get paid in full, no carve-outs, no short sales, fully reinstated loans in one week, income generating, attractive to long term investors, no short sales, net value paid less losses of creditors will be more, estate costs are lower, management by local companies. Most importantly, net present value of future gains can be packaged (e.g., stock in a company) and given to creditors as debt repayment or sold to investors who pay money which can be used to pay creditors. Bankruptcy estates do not do this and are unable to monetize this value.

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086

Exhibit 10 - Data Analyzed

The previous analysis uses all actual sales data from the House of Realty from all of 2010 through late 2011 for Single Family Homes (SFH). Some outlier sales or sales with missing fields were omitted. Sales included the following properties from House of Realty:

14000 Rugged Trl Redding, CA; 294 Mammoth Path Redding, CA; 35366 Nehemiah Dr Shingletown, CA; 744 Stonebriar Trail Redding, CA; 1154 Kirkwood Circle Redding, CA; 3882 Craftsman Avenue Shasta Lake, CA; 3126 Pinot Path Redding, CA; 3113 Colombard Walk Redding, CA; 4372 Agnes May Drive Redding, CA; 2154 Paris Ave Redding, CA; 4198 Sunflower Drive Redding, CA; 253 Yolla Bolly Trail Redding, CA; 17024 Buzzard Roost Round Mountain, CA; 2113 Hacienda St Redding, CA; 4724 Chico Street Shasta Lake City, CA; 848 Grouse Dr Redding, CA; 473 Woodcliff Dr Redding, CA; 3370 Heritagetown Redding, CA; 2143 Vienna Way Redding, CA; 818 Delta Street Redding, CA; 1226 Pinon Ave Anderson, CA; 3794 Hacienda Rd Cottonwood, CA; 11399 Power Line Red Bluff, CA; 2135 Alden Ave Redding, CA; 2312 Skyline Dr Redding, CA; 2115 Olive Ave Redding, CA; 2323 Windwood Ct Redding, CA; 1352 Norman Redding, CA; 14850 Valley Vista Ct. Jones Valley, CA; 3271 Inverness St Redding, CA; 1011 Layton Road Redding, CA; 597 Terrace Dr Redding, CA; 11074 Old Oregon Trl Redding, CA; 2341 Castlewood Dr Redding, CA; 5755 Constitution Way Redding, CA; 421 Rosewood Redding, CA; 1915 Bechelli Redding, CA; 22435 Golftime Drive Palo Cedro, CA; 20255 Oahu Place Redding, CA; 2655 Northway St Anderson, CA; 3345 El Camino Dr Cottonwood, CA; 2264 Crestview Redding, CA; 1965 Vineyard Redding, CA; 519 Reddington Drive Redding, CA; 3258 Greenwich Shasta Lake, CA; 830 Royal Oak Redding, CA; 2379 Marlene Redding, CA; 2062 Paris Ave. Redding, CA; 3429 Showboat Redding, CA; 163 Village Dr Redding, CA; 16565 Zephyrcrest Rd Cottonwood, CA; 1374 Edgewood Dr Redding, CA; 391 Franciscan Trail Redding, CA; 736 Johnson St Red Bluff, CA; 16048 Cloverdale Rd Happy Valley, CA; 1360 Willis Redding, CA; 6767 Cottage Hill Dr Anderson, CA; 5430 Rosswood Ln Redding, CA; 6767 Cottage Hill Drive Anderson, CA; 2286 Gold Street Redding, CA; 4385 Agnes May Redding, CA; 3867 Craftsman Shasta Lake City, CA; 19301 Lexington Redding, CA; 2865 Irwin Rd Redding, CA; 8071 Bass Pond Millville, CA; 471 W Minnesota Ave Mcloud, CA; 22585 Stoney Creek Ln Palo Cedro, CA; 5838 Olive Anderson, CA; 30057 Smith Logging Rd Oak Run, CA; 1900 Jeanae Ct Redding, CA; 3668 Santa Rosa Way Redding, CA; 3550 Scenic Dr Redding, CA; 3533 Churn Creek Rd Redding, CA; 3705 Conchas Shasta Lake, CA; 20231 Lupine Dr Redding, CA; 20237 Lupine Dr Redding, CA

Law Offices
JEFFREY B. WELLS
502 Logan Building
500 Union Street
Seattle, WA 98101-2332
206-624-0088 Fax 206-624-0086